EASTBUY
东方甄选

East Buy Holding Limited
東方甄選控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1797)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MAY 2024

The Board of East Buy Holding Limited is pleased to announce the consolidated results of our Group for the Reporting Period, being the financial year ended 31 May 2024. These annual results have been audited by our Company's external auditor, Deloitte Touche Tohmatsu, and reviewed by the Audit Committee.

In this announcement: (a) "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group; and (b) our consolidated financial statements are presented in Renminbi unless otherwise stated, which is our Group's primary functional currency, and presented figures are approximations that are rounded to the nearest whole number or one decimal place, as appropriate.

FINANCIAL HIGHLIGHTS

	FY2024			FY2023		
	Continuing *RMB'000*	**Discontinued[1]** *RMB'000*	**Combined total** *RMB'000*	Continuing *RMB'000*	Discontinued *RMB'000*	Combined total *RMB'000*
Revenue	**6,525,551**	**547,013**	**7,072,564**	3,880,909	628,940	4,509,849
Profit before tax	**433,725**	**1,588,354[2]**	**2,022,079**	1,056,469	116,245	1,172,714
Profit for the year/period	**249,145**	**1,470,363[2]**	**1,719,508**	799,199	172,087	971,286
Profit for the year attributable to:						
– Owners of our Company	**249,140**	**1,470,363[2]**	**1,719,503**	799,199	172,087	971,286
– Non-controlling interests	**5**	**–**	**5**	–	–	–
Earnings per share						
– Basic (RMB)	**0.24**	**1.44**	**1.68**	0.80	0.17	0.97
– Diluted (RMB)	**0.23**	**1.38**	**1.61**	0.75	0.16	0.91
Non-IFRS measure: Adjusted profit[3] for the year (unaudited)	**709,394**	**1,471,316[2]**	**2,180,710**	916,107	173,226	1,089,333
Non-IFRS measure: Adjusted EBITDA[4] (unaudited)	**773,760**	**130,830**	**904,590**	1,080,776	126,678	1,207,454

Notes:

(1) The discontinued figures in FY2024 was from 1 June 2023 to 29 February 2024. The disposal of education business was completed on 1 March 2024, on which date control of education businesses passed to the acquirer, New Oriental Group.

(2) It includes the gain on disposal of education business in FY2024. The gain on disposal of education business, net income tax expense was RMB1.3 billion.

(3) Adjusted profit ("**Adjusted Profit**") for the year represents profit for the year less loss on fair value changes of financial assets at FVTPL and add share-based compensation expenses and loss on disposal of a financial asset at FVTPL (non-current) for the financial year.

(4) Adjusted EBITDA ("**Adjusted EBITDA**") (or earnings before interest, taxes, depreciation, and amortisation) represents profit for the year plus income tax expenses, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the financial year.

BUSINESS OVERVIEW AND OUTLOOK

Our business

We have positioned ourselves as a private label products and livestreaming e-commerce platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides agricultural products as its core product under our private label brand, "East Buy" (東方甄選), and a cultural communication company that provides customers with pleasant experience. Through the provision of high-quality products and services, the promotion of traditional Chinese culture and positive values, we hope to contribute and provide every customer and viewer with a better, healthier, and high-quality life.

Since 2021, we have expanded our businesses in private label products and livestreaming e-commerce and established "East Buy", which has become a well-known online platform for selling top-quality and good value for money agricultural and other products. Not only does the platform offer an alternative channel for farmers and local companies to sell high-quality agricultural and other products to a broader customer base, it also provides consumers with a platform which offers a wide range of high-quality products with transparency in pricing. Leveraging our deep understanding of customers' needs, we select quality agricultural and other products for our customers through our integrated supply chain management and diversified cooperation with various third parties. We create value for consumers by providing various private label products under the "East Buy" brand, which are designed to be healthy and high-quality with good value for money, including fresh foods, juice, coffee, tea, bedding, etc. Through direct cooperation with producers and local enterprises, we aspire to promote quality products that have traditionally lacked sales channels and to improve the operational efficiency of the industry supply chain, so as to accelerate rural revitalisation and contribute long-term value to the relevant upstream and downstream industry.

Being consistent with our Company's history, we continue to stand by a "customer-centric" long-term development strategy. Through innovative livestreaming activities and providing premium services, we provide our customers with a unique and entertaining shopping experience that involves the sharing of knowledge, wisdom and Chinese culture and history. We have an established team of talented livestreamers and have adopted a multi-channel strategy to reach a wider consumer base. We have set up various livestreaming channels, including East Buy Beautiful Life (東方甄選美麗生活) and East Buy Private Label (東方甄選自營產品) on Douyin (抖音), which focus on different product categories to continually create positive, unique and interesting content to attract and retain user viewership, while at the same time, promote traditional Chinese culture and share knowledge with consumers. During FY2024, we have adopted a multi-platform strategy and sold our private label products on various platforms, such as Taobao (淘寶), Mini program (微信小程序) and our own APP. Our Company has also established a membership system which has provided members with unique and exclusive membership services and offered members with lower prices on a limited selection of nationally-branded and private label products in a wide range of merchandise categories on our own APP since October 2023. The "East Buy" brand has become increasingly prominent in the industry, quickly becoming synonymous with "quality, accessibility, and lifestyle culture" in China, particularly as related to agricultural and other daily necessities products, and thereby, our brand is gaining millions of loyal viewers/followers and returning customers.

The key operating metrics in the livestreaming e-commerce business are summarized below:

	FY2024	FY2023
Key operating data		
GMV (RMB) (billion)(1)	**14.3**	10.0
Number of followers on Douyin (million)(2)	**65.0**	41.8
Number of paid orders on Douyin (million)	**181.1**	136.3

Notes:

(1) Include the paid GMV from all sales channels such as Douyin, Taobao and our own APP, etc.

(2) Include the number of followers from Time with Yuhui (與輝同行) on Douyin.

On 21 November 2023, the Company disposed of its education business in providing online learning and extracurricular education services in China with a portfolio of well-recognised brands known for high-quality content, with a notable specialty in online language learning and test preparation (the "**Education Business**") (comprising college education and institutional customers) (the "**Disposal**"). Following the Disposal, we have no current plans to operate online education business services. Please see our announcements dated 21 November 2023 (in which we first announced the Disposal) and 18 January 2024 (on the poll results from the extraordinary general meeting held to consider the Disposal) and our circular dated 28 December 2023 (the "**Disposal Circular**") for more information. Accordingly, during the Reporting Period, our Education Business represented a smaller percentage of our overall Group business.

Business developments

Our financial performance

We finished the FY2024 with a strong growth in GMV and revenue, demonstrating resilience of our business model and the potential of our private label products and livestreaming e-commerce business. Total net revenues from both the continuing and discontinued operations increased by 56.8% from RMB4.5 billion for FY2023 to RMB7.1 billion for FY2024. The net revenue from private label products and livestreaming e-commerce segment increased by 68.1% from RMB3.9 billion for FY2023 to RMB6.5 billion for FY2024. The adjusted net profit from both the continuing and discontinued operations was RMB2.2 billion for FY2024 as compared to RMB1.1 billion for FY2023. The adjusted net profit from the continuing operations was RMB709.4 million as compared to RMB916.1 million for FY2023.

The Company have continued to adopt the multi-platform, multi-matrix strategy to expand its reach for a wider consumer base and increase brand awareness and influence. While continuing enriching the products and services in livestreaming channels, we also opened online shop channels in different platforms e.g. Tmall, JD.com, Pinduoduo, Xiaohongshu. The Company's multi-channel strategy has driven the rapid growth of the private label products. In terms of livestreaming channels, the GMV of the Douyin account of "East Buy Private Label" (東方甄選自營產品) has exceeded RMB100 million for several consecutive months. We will add more than 10 vertical accounts on Douyin, and will gradually launch more livestreaming channels in the upcoming years. In the field of shelf E-commerce, East Buy's stores on Tmall, JD.com, Pinduoduo, Xiaohongshu and other platforms have also achieved steady growth.

Our own APP has also become the core channel for our private label products. During the Reporting Period, the Company launched an APP with both livestreaming model and shelf model. Marketing activities such as membership discounts, launch of exclusive new APP products and member cashback rewards have increased user stickiness and customer loyalty. The GMV of some of East Buy's most popular private label products on the APP has accounted for more than 40% of their GMV of the entire network.

We have established and will continue to promote our membership system in the APP. With our increasing number of customers and increasing repurchase rate, our membership plan has effectively provided customers with more favorable products and more comprehensive membership services. Members can enjoy membership discounts or coupons during the year and earn loyalty points that can be used to offset cash payments.

East Buy has always been adhering to its initial brand philosophy which focuses on "health, high quality and good value for money" (健康、高品質、高性價比). While maintaining our consumer-centric approach, East Buy has focused on identifying unmet consumer needs, establishing a differentiated positioning in the market, building a strong brand recognition, expanding market reach and visibility and striving for upgrades and improving our products, and continually broadening our product category and creating popular products.

During FY2024, we have continued to launch a larger variety of private label products. Since the launch of our first private label products in April 2022, East Buy has developed and launched 488 SKUs in private label products within two years, thereby expanding our product lines across multi-category (FY2023: 120 SKUs). We have expanded our product categories from the initial category of fresh food and snacks to a more diversified product range. As a rising star in the new fast moving consumer goods ("**FMCG**") sector, East Buy has successfully launched several private label products which are highly competitive in the market, and has achieved excellent performance and results. To date, the Company offers more than 100 private label products which are the top three products on the Douyin Hot Product List (抖音品類爆款榜單). For example, our popular private label grilled sausage achieved accumulated sales of 200 million units across the network, the fresh prickly pears juice products were sold out within tens of seconds after such product went online, and 50,000 bottles of lutein gummy were sold out before the commencement of the livestreaming event. Recently, we have readily adjusted our strategy in response to market changes and emphasized the "high cost performance" of our private label products to attract more new users while establishing trust in our users. We are pleased that our private label products have become a major growth driver and contributed approximately 40% of total GMV for FY2024, as compared to 30% for FY2023.

Our control of the supply chain is not only reflected in the top-tier manufacturers and high standards, but also lies in the in-depth layout and strategic investment in the entire supply chain. We have continued to increase our investment in the supply chain on the factory side. At present, we have invested in a sausage factory and strengthened the control over upstream supply chain. In addition, in terms of upstream raw material layout for deep processed food, due to the significant impact of fluctuations on the prices of raw materials for primary agricultural products, we plan to directly cooperate with raw material manufacturers through strategic investment or centralized procurement to gain upstream raw material price advantages, and ensure safe and stable supply of raw materials for our private label products. Taking black pork as an example, we have jointly established a new supply chain company and established deep cooperation with the raw material manufacturer to achieve significant cost optimization of raw materials.

Based on our existing warehouse network layout in 8 regional warehouses plus multiple provincial level warehouses, we also further upgraded our storage capacity and expanded our warehouse network in FY2024. As a result, deliveries under normal temperatures cover over 99% of China and cold chain deliveries cover over 97% of China. For express deliveries, we continued to cooperate with top logistics companies such as S.F. Holding Co., Ltd. and JD Logistics, Inc. and started to launch the hourly delivery service in Beijing recently, with 27 pre distribution warehouses and a coverage rate of 92% within the Fifth Ring Road area. The Beijing membership coverage rate is 73.5%, and the average fulfillment time for real-time orders in Beijing is 44 minutes, with a user satisfaction rate of 96.3%.

With the continuous strengthening of the Company's supply chain management capabilities and a richer product portfolio, we are able to expand our cooperation with more e-commerce platforms and build our product portfolio according to the needs of target consumers of different channels. This would ensure that consumers are provided with consistently high-quality products, brand experience and services through different channels.

Further, we have built a more comprehensive organisational structure to support the rapid development of our new businesses, and recruited and cultivated more excellent talents in the professional field. As of 31 May 2024, the total number of personnel in our private label products and livestreaming e-commerce team reached 1,883, of which 1,318 are full time employees and 565 are part time employees. We also have 830 personnel dedicated to our supply chain and product team, of which 565 are full time and 265 are part time.

As a result of the above strategic implementation, our GMV for FY2024 increased by 43% to RMB14.3 billion. While the GMV from Douyin represented a large majority of our GMV, our GMV from APP represented 8.4% of total GMV. The total number of paid orders from our third-party products and our private label products on Douyin for FY2024 has increased to 181.1 million, from 136.3 million for FY2023.

FUTURE OUTLOOK BEYOND THE REPORTING PERIOD

Disposal of the Education Business

As mentioned above, on 21 November 2023, the Company disposed all of its Education Business to its parent company, New Oriental. This Disposal has been completed and the Company has no present plans to operate online education business services following the Disposal. The Disposal is part of a broader business re-delineation of our parent group (of which we form part), to enable our parent company to focus on offline-merge-online education and to enable our Group to become a pure-play private label and livestreaming e-commerce operator. This will allow us to consolidate and concentrate our management and financial resources towards growing this business, which has already seen rapid growth and become the majority revenue generator for our Group.

Future plans for the private label products and livestreaming e-commerce business

Our strategic positioning is clear and concise. In the future, we will continue to strive to become a livestreaming platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides agricultural products as its core product under our private label, "East Buy", and a cultural communication company that provides customers with pleasant experience. We firmly believe in our mission of promoting public welfare and creating value for society.

Going forward, we will focus our efforts in the following key areas:

(a) Thorough research and analysis prior to product offering

The Company will conduct thorough and extensive research and analysis of our products before allowing any product launch and product offering to the market. In particular, for each private label product, we will conduct in-depth analysis of the current market and industry conditions, the market capacity, technology trends, upstream and downstream raw material supply and demand, etc. Such analysis includes considering the sales performance of product categories being developed, understanding the sales trend, identifying the stage of development of the product in the industry, assessing relevant consumer purchasing power, observing changes in the market share of the top competing products in recent years, and exploring potential new opportunities. Based on our market research and analysis, the Group is able to clearly define the optimal market positioning of our products, which includes specifying the target consumer groups, outlining product's unique features, and setting the appropriate price range, etc.

(b) Consumer-centric is the key

In the development of popular products, East Buy is unwavering in its commitment to product excellence. The Company firmly believes that the product itself must be of excellent quality and possesses distinctive product strengths. The focus is on highlighting the unique features and outstanding product capabilities of the products, which allow them to differentiate from other competitors, and addressing the needs and pain points of consumers. The selling point of the product is not derived from the functions of the product alone, but are centered on the benefits, user needs and experiences of the consumers. This enables consumers to understand the tangible value they can gain from purchasing the product. For example, our private label potato chips are differentiated from other potato chips in the market as we have emphasized the health-conscious attributes to the product. These potato chips are not oil fried, contains no trans fats, and are conveniently packaged in a small and individual 20-gram portions. These unique selling points directly address consumer concerns about health and convenience, providing clear benefits that resonate with the target consumer group. In essence, the Company's approach in developing its private label products is deeply rooted in its commitment to product quality and by prioritizing on customer-centric differentiation over generic product features, the Company is able to create product offerings which stand out in the market and deliver genuine value to its customers.

(c) High-quality product development and quality control assurance

We strictly control the quality of each product offered by East Buy. For products from third parties, we strictly review their ingredient lists, inspection reports, company qualifications, product flavors, and user evaluations. For private label products, the certificate reports and raw material acceptance standards for each raw material and auxiliary material are subject to strict quality control review, verification and inspection. For example, with our meat products, the Company is able to trace the supply chain back from upstream farms and slaughterhouses, and all relevant data and documents (such as livestock disease prevention permit, animal quarantine certificates, factory inspection reports, feed/vaccines/medication records, etc.) are in order. For vegetable products, the Company conducts batch-by-batch pesticide residues testing to guarantee food safety for consumers. During the production process of our private label products, the Company maintains strict control over all aspects of the production cycle, from raw material unpacking, picking to feeding are all strictly monitored. Only finished products that pass third party inspection are approved for sale. In addition, the quality control team conducts unscheduled and unannounced spot checks and commissions third parties to conduct on-site inspections to ensure the safety and quality of our private label products. Through the aforementioned comprehensive quality control measures, East Buy is able to provide its customers with the assurance of safe and high quality products. This unwavering commitment to quality control is a key driver in establishing East Buy as a trusted household brand.

(d) Our diversified channels promote our sustainable growth, as livestreaming, online shelf and offline mode go hand in hand

East Buy will develop a series of appropriate marketing strategies and events in the future to effectively expand our reach to new consumer groups and better meet their needs. In FY2025, we will start to promote our private label products offline and carry out an extensive offline strategic cooperation with New Oriental. Leveraging the advantages of New Oriental's multiple locations, wide distribution, large foot traffic, high customer stickiness, we believe our diversified and healthy private label products will be widely accepted by more new customers and families in China. By adding offline product promotion video advertising spaces and smart vending cabinets and other channels at the New Oriental offline locations, the exposure of our products and APP will be increased. We plan to do pilot trial in Beijing in the second half of 2024 and gradually radiate to offline locations across the country in future.

(e) Upgrade and improve the system management of our products

East Buy has always adhered to a consumer-centric approach, constantly focusing on enhancing user experience. Our various teams work closely together to continually upgrade and improve our products ensuring that our products better adapt to market changes and enhance product competitiveness.

After the product launch, our operation team will optimize the title and main photos of the product according to the user's search habits and preferences, and in order to increase the exposure and appeal of our product, our team will also launch promotional activities such as members' days and advertising campaigns. Our supply team actively monitors the level of inventory in real time to avoid any stock shortages or oversupply. We will also continue to optimize inventory structure and improve inventory turnover rate. In terms of logistics, the nationwide coverage of normal temperature and cold chain logistics services reaches over 99% and 97%, respectively, ensuring that our products can be delivered to each consumer as quickly and safely as possible. The after-sales team has established a comprehensive after-sales system to promptly collect and handle customer complaints in a timely manner, conduct in-depth analysis of each complaint, identify the cause of the problem and formulate improvement measures, so as to improve the overall quality of our services and product offerings. Our product development team constantly monitors and considers after-sales feedback, and timely changes the product content based on market dynamics and changes in consumer needs.

(f) Optimize underperforming products and improve product health

The Company will carry out timely assessment on private label products with dissatisfactory sales and low gross profit margin, so as to ensure that the performance of such products will gradually improve. Such assessment includes the determination of whether these products are facing certain issues, such as unclear positioning, insufficient marketing, and/or inadequate after-sales services.

Based on the above assessment, the Company will then make subsequent adjustments to these underperforming products. After performing the above comprehensive review and analysis of the products, the Company believes that it can identify optimization opportunities, revitalize the product and extend the lifecycle of our private label products. That said, if the upgrades and adjustments made to underperforming products are unable to enhance sales and profitability of these products, the Company is of the view that it is necessary to streamline these unprofitable product lines and reduce operating costs, and concurrently, the Company will also consider launching new products to replace the underperforming ones.

In the future, East Buy will deeply develop and invest in its own brands, continue to launch high-quality products to meet consumer needs, and strive to become a leading "product and technology company".

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue from continuing operations and discontinued operations increased by 56.8% from RMB4.5 billion for FY2023 to RMB7.1 billion for FY2024. Our revenue from continuing operations, which are all from private label products and livestreaming e-commerce segment increased by 68.1% from RMB3.9 billion for FY2023 to RMB6.5 billion for FY2024.

Private label products and livestreaming e-commerce business

Revenue from our private label products and livestreaming e-commerce segment increased by 68.1% from RMB3.9 billion for FY2023 to RMB6.5 billion for FY2024. This substantial growth was largely attributable to the multi-platform strategy on Douyin, Taobao and our own APP, diversified products categories and SKUs as well as the membership day promotions which was launched since December 2023.

College education

Revenue from our college education segment was RMB523.8 million from 1 June 2023 to 29 February 2024, as compared to RMB590.8 million for FY2023. The student enrolments in the college education segment decreased from 581 thousand for FY2023 to 334 thousand for FY2024.

Institutional customers

Revenue from our institutional customers was RMB23.2 million from 1 June 2023 to 29 February 2024, as compared to RMB38.2 million in FY2023.

Cost of revenue, gross profit and gross margin

Our total cost of revenue from continuing operations increased by 101.6% from RMB2.4 billion in FY2023 to RMB4.8 billion for FY2024, primarily due to the increase in cost of inventories and shipping cost for private label products as a result of substantial growth in our business.

Our gross profit from continuing operations increased by 14.1% from RMB1.5 billion for FY2023 to RMB1.7 billion for FY2024. Our gross profit margin from continuing operations decreased from 38.2% for FY2023 to 25.9% for FY2024, primarily due to the promotion from member day activities and change in products mix as we sold more agriculture products which normally were low margin products.

Private label products and livestreaming e-commerce business

Cost of revenue for our private label products and livestreaming e-commerce segment was RMB4.8 billion for FY2024, compared to RMB2.4 billion for FY2023. Segment gross profit for our private label products and livestreaming e-commerce was RMB1.7 billion for FY2024, compared to RMB1.5 billion for FY2023, and the gross profit margin decreased from 38.2% for FY2023 to 25.9% for FY2024.

College education

Cost of revenue for our college education segment decreased by 21.5% from RMB149.9 million for FY2023 to RMB117.6 million from 1 June 2023 to 29 February 2024, primarily due to the decrease in staff costs.

Segment gross profit for our college education business decreased by 7.9% from RMB440.9 million for FY2023 to RMB406.2 million from 1 June 2023 to 29 February 2024, and the segment profit margin increased from 74.6% for FY2023 to 77.5% from 1 June 2023 to 29 February 2024. This was primarily due to strong recovery in market demand and less low-price entry courses offering as a result of strong brand exposure.

Institutional customers

Cost of revenue for services to institutional customers decreased by 68.9% from RMB7.7 million for FY2023 to RMB2.4 million from 1 June 2023 to 29 February 2024, and the gross profit margin increased from 79.9% for FY2023 to 89.7% from 1 June 2023 to 29 February 2024.

Other income, gains and losses

Our other income, gains and losses from continuing operations increased by 21.7% from RMB113.4 million for FY2023 to RMB138.1 million for FY2024, primarily due to the increase in interest income from bank deposits.

Selling and marketing expenses

Our selling and marketing expenses from continuing operations increased by 174.5% from RMB315.5 million for FY2023 to RMB866.1 million for FY2024, primarily due to the increase in staff costs in private label products and livestreaming business.

Research and development expenses

Our research and development expenses from continuing operations increased by 101.6% from RMB65.3 million for FY2023 to RMB131.6 million for FY2024, primarily due to an increase in staff costs.

Administrative expenses

Our administrative expenses from continuing operations increased by 173.7% from RMB144.5 million for FY2023 to RMB395.6 million for FY2024, primarily due to the increase in staff cost and share-based compensation expenses.

Share of results of associates

Our share of profit of associates increased from a loss of RMB12.8 million for FY2023 to a gain of RMB3.8 million for FY2024, primarily due to the turnaround from loss to profit in Beijing Shidai Yuntu Book Co., Ltd. (北京時代雲圖圖書有限責任公司) and the change in Beijing Edutainment World Education Technology Co., Ltd. (北京寓科未來智能科技有限公司) as it ceased to be an associate of the Group from 1 June 2023.

Income tax expenses

Our income tax expenses from continuing operations were RMB184.6 million for FY2024, compared to RMB257.3 million for FY2023, primarily due to the decreased profit from the private label and livestreaming ecommerce business during the Reporting Period.

Net profit for the year

As a result of the above, our net profit from continuing operations and discontinued operations increased from RMB971.3 million for FY2023 to RMB1.7 billion for FY2024. Our net profit from continuing operations decreased from RMB799.2 million for FY2023 to RMB249.1 million for FY2024.

Non-IFRS measures

To supplement our financial information presented in accordance with IFRS, we also use Adjusted Profit for the year and Adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparison of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We also believe these measures provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they have assisted our management. Please note, however, our presentation of Adjusted Profit and Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under IFRS.

We define Adjusted Profit for the year represents profit for the year less loss on fair value changes of financial assets at FVTPL and add share-based compensation expenses and loss on disposal of a financial asset at FVTPL (non-current) for the year. We define Adjusted EBITDA as profit for the year plus income tax expense, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the year.

The following table reconciles our net profit from continuing operations for the year to Adjusted Profit from continuing operations for the year:

	FY2024 ***RMB'000*** **(unaudited)**	FY2023 *RMB'000* (unaudited)
Reconciliation of profit for the year to Adjusted Profit for the year:		
Net profit from continuing operations	**249,145**	799,199
Less:		
Loss on fair value changes of financial assets at FVTPL	**(43,271)**	(14,380)
Add:		
Share-based compensation expenses	**416,955**	102,528
Loss on disposal of a financial asset at FVTPL (non-current)	**23**	–
Adjusted Profit from continuing operations for the year	**709,394**	916,107

The following table reconciles our profit from continuing operations for the year to Adjusted EBITDA from continuing operations for the year:

	FY2024	FY2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Reconciliation of net profit from continuing operations for the year to Adjusted EBITDA		
Net profit	**249,145**	799,199
Add:		
Income tax expense	**184,580**	257,270
Share-based compensation expenses	**416,955**	102,528
Finance costs	**2,159**	1,462
Impairment losses recognised under expected credit loss model, net of reversal	**4,713**	750
Depreciation of property and equipment	**20,328**	16,699
Depreciation of right-of-use assets	**33,957**	16,285
Less:		
Other income, gains and losses	**138,077**	113,417
Adjusted EBITDA from continuing operations for the year	**773,760**	1,080,776

OTHER INFORMATION ABOUT OUR FINANCIAL PERFORMANCE

Liquidity and capital resources

During the Reporting Period, we met our cash requirements primarily from cash and cash equivalents and proceeds from the 2020 Subscription. We had cash and cash equivalents of RMB2.3 billion as at 31 May 2024 compared to RMB1.2 billion as at 31 May 2023. We had term deposits of RMB1.1 billion as at 31 May 2024, compared to RMB796.9 million as at 31 May 2023. We also had financial assets (current) at FVTPL of RMB1.3 billion as at 31 May 2024, compared to RMB1.0 billion as at 31 May 2023. Thus, total monetary capital was RMB4.6 billion as at 31 May 2024. Cash and cash equivalents were represented by bank balances and cash; and bank balances and cash comprised of cash and short-term deposits with an original maturity of three months or less. Financial assets (current) at FVTPL comprised of wealth management products.

During the Reporting Period, we primarily used cash to fund required working capital and other recurring expenses to support the expansion of our operations. Going forward, we believe that our liquidity requirements will be satisfied by using funds from a combination of internally generated cash and net proceeds from our 2020 Subscription.

As at the end of FY2024, our gearing ratio was 24.0%, compared with 27.2% at the end of FY2023, calculated as total liabilities divided by total assets.

Cash flow

The following table sets forth our cash flows for the two comparable years:

	FY2024	FY2023
	RMB'000	*RMB'000*
Net cash from operating activities	**856,088**	1,264,430
Net cash from (used in) investing activities	**202,753**	(737,546)
Net cash (used in) from financing activities	**(14,768)**	55,644
Net increase in cash and cash equivalents	**1,044,073**	582,528
Cash and cash equivalents at the beginning of the financial year	**1,165,137**	547,445
Effect of exchange rate changes	**53,254**	35,164
Cash and cash equivalents at the end of the financial year	**2,262,464**	1,165,137

Net cash from operating activities

Our net cash from operating activities primarily consists of our profit before tax for the financial year adjusted by non-cash items, non-operating items and changes in working capital. Our net cash generated from operating activities in FY2024 was RMB856.1 million. The difference between cash generated from operating activities before tax and interest of RMB992.7 million and the profit before tax of RMB2.0 billion was mainly due to: (i) a RMB1.48 billion of gain on disposal of Education Business; (ii) a RMB281.4 million increase in inventories and a RMB125.9 million increase in trade and other receivables due to the fast development of private label products; and (iii) excluding the effect of share based compensation expenses of RMB417.9 million.

Net cash from investing activities

Our net cash from investing activities in FY2024 was approximately RMB202.8 million, primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB3.0 billion, withdrawal of term deposits of RMB1.8 billion and net cash inflow on disposal of Education Business of RMB849.5 million, which was partially offset by purchases of financial assets at fair value through profit or loss of RMB3.2 billion and placement of term deposits of RMB2.1 billion.

Net cash used in financing activities

Our net cash used in financing activities in FY2024 was approximately RMB14.8 million, primarily attributable to repayments of lease liabilities of RMB43.1 million.

Capital expenditure

The following table sets forth our capital expenditure for the years indicated:

	FY2024	FY2023
	RMB'000	*RMB'000*
Purchase of property and equipment	**35,858**	12,827

Our capital expenditures were primarily for purchases of property and equipment in FY2023 and FY2024, respectively. Our purchases of property and equipment were RMB12.8 million for FY2023 and and RMB35.9 million for FY2024, respectively.

Off-balance sheet commitments and arrangements

As at 31 May 2024, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As at 31 May 2024, we did not have any other foreseeable plans for material investments and capital assets.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

Save as disclosed above, during the Reporting Period, we did not have any other material acquisitions and/or disposals of subsidiaries and affiliated companies.

Employees and remuneration policy

As at 31 May 2024, we had 1,318 full-time employees and 565 part-time employees (31 May 2023: 1,479 full-time employees and 486 part-time employees). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice. In FY2024, the total number of employees decreased mainly due to the disposal of the Education Business.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to assessment of individual performance.

The total remuneration expenses, including share-based compensation expense incurred by the Group for FY2024 was RMB1.4 billion, representing a year-on-year increase of 94.1% from RMB735.9 million for FY2023.

Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of our operating entities. We operate in the PRC with most of the transactions settled in RMB. During the Reporting Period, we had assets and liabilities denominated in United States dollars and Hong Kong dollars. We continuously monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Indebtedness

During the Reporting Period, we did not incur any bank loan or other borrowings. Our Directors consider that we have adequate cash and capital resources considering our bank balances and cash, term deposits and our financial assets at FVTPL, wealth management products generated from our operating activities and the net proceeds from the share subscriptions to fund our operations and expansion, therefore, we do not plan to incur any borrowing in the 12 months from the date of this announcement.

Pledge of assets

As at 31 May 2024, none of our Group's assets were pledged.

Contingent liabilities

As at 31 May 2024, we did not have any material contingent liabilities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

Our Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability, and our Shares were listed on the Main Board of the Stock Exchange on 28 March 2019.

We are committed to maintaining and promoting stringent corporate governance. The principle of our Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of our Company. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code except for the following deviation:

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have separate chairman of the Board and chief executive officer, and Mr. Yu Minhong, our executive Director, currently performs these two roles (since his redesignation as an executive Director and appointment as chief executive officer on 16 December 2023). The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

We will continue to regularly review and monitor our corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

We have adopted the Model Code as the code of conduct regulating our Directors' dealings in our Company's securities. To the best of our Directors' knowledge and belief, all our Directors confirm that they have complied with the required standards set out in the Model Code during the Reporting Period.

Audit Committee

Our Board has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (as amended from time to time). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of our Group, to review and approve connected transactions (as defined in the Listing Rules) and to provide advice and comments to the Board. The Audit Committee consists of three members: Mr. TONG Sui Bau (as the Audit Committee's chairperson), Mr. KWONG Wai Sun Wilson and Mr. LIN Zheying.

The Audit Committee, together with our external Auditor, Deloitte Touche Tohmatsu, have reviewed our Group's audited consolidated financial statements for FY2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by our Company and internal control measures with senior management members.

Other Board Committees

In addition to our Audit Committee, the Company has also established a nomination committee and a remuneration committee.

Purchase, Sale or Redemption of our Listed Securities

Neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange (including sale of treasury shares) during the Reporting Period. As of the end of the Reporting Period, no treasury shares were held by the Company.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 May 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 23 August 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Material Litigation

During the Reporting Period, our Company was not involved in any material litigation or arbitration; nor were our Directors aware of any material litigation or claims that were pending or threatened against our Company as at 31 May 2024.

FINAL DIVIDEND

Our Board does not recommend the distribution of a final dividend for FY2024 (FY2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, 1 November 2024. The register of members of our Company will be closed from Tuesday, 29 October 2024 to Friday, 1 November 2024 (both days inclusive) in order to determine the identity of our Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with our Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 28 October 2024.

NET PROCEEDS FROM THE 2020 SUBSCRIPTION

The 2020 Subscription was completed on 24 December 2020 and raised approximately HK$1.783 billion in net proceeds. Subsequent to the 2020 Subscription, our Group had used the net proceeds from the 2020 Subscription in the manner and according to the intended uses set out in the circular of the Company dated 14 October 2020. On 21 January 2022, the Board has resolved to change the use of the remaining net proceeds as at the same date and the Group had used the net proceeds in accordance with the intended use as set out in the announcement of the Company dated 21 January 2022. We will continue to gradually utilise the net proceeds, in accordance with the table set out below, within three years from 21 January 2022.

The utilisation of the net proceeds for FY2024 are summarised as follows:

HK$ million[(1)]	**Unutilised amount as at 1 June 2023**	**Utilised during FY2024**	**Remaining amount**
Sales and marketing	254.8	4.4	250.4
Technology infrastructure	3.9	–	3.9
Teachers and other business related staff	216.5	110.9	105.6
Working capital	202.6	34.6	168.0
Total	**677.8**	149.9	527.9

Notes:

(1) The amounts "utilised during FY2024" are based on the exchange rate of HK$1.09978:RMB1.

(2) The figures presented in this table are approximations and subject to currency exchange rate fluctuation and rounding.

EVENTS AFTER THE REPORTING PERIOD

On 25 July 2024, the Company announced that Mr. Dong Yuhui ("**Mr. Dong**") tendered his resignation and departed from the Group as an employee and a member of senior management of Time with Yuhui (Beijing) Technology Ltd (與輝同行(北京)科技有限公司, the "**Target Company**"), a subsidiary of Beijing New Oriental Xuncheng Network Technology Inc. (北京新東方迅程網絡科技有限公司, "**Xuncheng**", a consolidated affiliated company of the Group) after amicable discussions between the Group and Mr. Dong. Mr. Yu Minhong, CEO of the Company, obtained the approval from the Board and the Remuneration Committee to distribute the undistributed profits from the Target Company to Mr. Dong to reward Mr. Dong's significant contribution to the success of the Target Company. As reflected in the report of the valuation of the market value of the equity interests of the Target Company as of 30 June 2024 prepared by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, and the announcement of the Company dated 25 July 2024 (the "**Disposal Announcement**"), the unaudited net profit of the Target Company amounted to approximately RMB141 million (reflected in the valuation report as "other payables"), and out of such amount, approximately RMB129 million can be distributed to Mr. Dong. The difference of approximately RMB12 million is required to be retained at the Target Company in accordance with applicable PRC laws. For details, please refer to the Disposal Announcement.

On even date, Xuncheng entered into a disposal agreement with Mr. Dong and the Target Company (the "**Time with Yuhui Disposal**"), pursuant to which Xuncheng's 100% equity interest in the Target Company was transferred to Mr. Dong at a consideration of RMB76,585,460. As a result, the Target Company will cease to be a consolidated affiliated company of the Group and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group. There are no other side arrangements, agreements, understanding or undertakings among the Company, Mr. Yu Minhong and Mr. Dong regarding the Time with Yuhui Disposal. For further details of the Time with Yuhui Disposal, please refer to the Disposal Announcement.

Save as disclosed in this announcement, no significant events affecting our Company have occurred since the end of the Reporting Period to the date of this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company website at **ir.eastbuy.com**. Our Group's annual report for FY2024 will be published on the same websites of the Stock Exchange and our Company and will be made available to our Shareholders in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2024

	NOTES	**2024**	2023
		RMB'000	*RMB'000*
			(Restated)
Continuing operations			
Revenue	*3*	**6,525,551**	3,880,909
Cost of revenue		**(4,833,540)**	(2,397,547)
Gross profit		**1,692,011**	1,483,362
Other income, gains and losses	*4*	**138,077**	113,417
Impairment losses recognised under expected credit loss model, net		**(4,713)**	(750)
Selling and marketing expenses		**(866,068)**	(315,515)
Research and development expenses		**(131,593)**	(65,290)
Administrative expenses		**(395,616)**	(144,529)
Share of results of associates		**3,786**	(12,764)
Finance costs		**(2,159)**	(1,462)
Profit before tax		**433,725**	1,056,469
Income tax expense	*5*	**(184,580)**	(257,270)
Profit for the year from continuing operations		**249,145**	799,199
Discontinued operations			
Profit for the year from discontinued operations		**1,470,363**	172,087
Profit for the year	*6*	**1,719,508**	971,286
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation from functional currency to presentation currency		**23**	(243)
Profit and total comprehensive income for the year		**1,719,531**	971,043
Profit for the year attributable to owners of the Company			
– from continuing operations		**249,140**	799,199
– from discontinued operations		**1,470,363**	172,087
		1,719,503	971,286

	NOTES	2024 RMB'000	2023 RMB'000 (Restated)
Profit for the year attributable to non-controlling interests			
– from continuing operations		**5**	–
		5	–
		1,719,508	971,286
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**1,719,526**	971,043
Non-controlling interests		**5**	–
		1,719,531	971,043
Profit and total comprehensive income for the year attributable to owners of the Company			
– from continuing operations		**249,163**	798,956
– from discontinued operations		**1,470,363**	172,087
		1,719,526	971,043
Earnings per share			
From continuing and discontinued operations			
– Basic (RMB)	*7*	**1.68**	0.97
– Diluted (RMB)		**1.61**	0.91
From continuing operations			
– Basic (RMB)	*7*	**0.24**	0.80
– Diluted (RMB)		**0.23**	0.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MAY 2024

	NOTES	At 31 May **2024** ***RMB'000***	2023 *RMB'000*
Non-current Assets			
Property and equipment		**43,202**	34,057
Right-of-use assets		**98,972**	54,389
Interests in associates		**73,225**	138,423
Financial assets at fair value through profit or loss	*8*	**94,889**	102,576
Deferred tax assets		**54,721**	83,265
Deposits for acquisition of property and equipment		**1,480**	569
Refundable rental deposits		**11,143**	2,743
		377,632	416,022
Current Assets			
Inventories	*9*	**422,341**	140,952
Trade and other receivables	*10*	**893,582**	218,972
Prepayments		**133,613**	77,308
Financial assets at fair value through profit or loss	*8*	**1,250,338**	1,037,402
Term deposits		**1,079,420**	796,895
Restricted bank deposits		**122,129**	250
Cash and cash equivalents		**2,262,464**	1,165,137
		6,163,887	3,436,916
Current Liabilities			
Lease liabilities		**36,710**	33,074
Contract liabilities	*11*	**49,595**	253,522
Refund liabilities		**4,410**	27,665
Trade payables	*12*	**611,886**	335,263
Accrued expenses and other payables		**688,219**	336,248
Income tax payables		**122,079**	43,057
		1,512,899	1,028,829
Net current assets		**4,650,988**	2,408,087
Total assets less current liabilities		**5,028,620**	2,824,109

	NOTES	At 31 May	
		2024	2023
		RMB'000	*RMB'000*
Capital and Reserves			
Share capital		**133**	131
Reserves		**4,969,083**	2,803,677
Equity attributable to owners of the Company		**4,969,216**	2,803,808
Non-controlling interests		**405**	–
Total equity		**4,969,621**	2,803,808
Non-current Liabilities			
Deferred tax liabilities		**900**	2,379
Lease liabilities		**58,099**	17,922
		58,999	20,301
Net assets		**4,969,621**	2,803,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

East Buy Holding Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018 under the Companies law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and the principal place of business of the Company and its subsidiaries (collectively referred to as the "**Group**") are disclosed in the section headed "**Corporate Information**" in the annual report. New Oriental Education & Technology Group Inc ("**New Oriental Group**"), incorporated in the Cayman Islands, is the ultimate controlling shareholder of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") are operating livestreaming e-commerce business for sales of private label products to individual customers and provision of commission services. The Group provided online education services to college students and other occupational people in the People's Republic of China (the "**PRC**") and provided education and related services to institutional customers such as public libraries and universities in the PRC (such education businesses had been disposed of on 1 March 2024).

The shares of the Company have been listed on the Stock Exchange with effect from 28 March 2019 (the "**Listing**" and "**Listing Date**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

On 21 November 2023, The board of directors of the Company approved the proposed disposal of the education business (the "**Disposal**") to the Company's parent company, New Oriental Group. The Disposal is part of a business re-delineation by the New Oriental Group to more clearly separate its business lines and better align its business segments with the environment in which it operates. On 18 January 2024, the Disposal was approved by the shareholders in the extraordinary general meeting. The Group disposed of its education business on 1 March 2024, which were presented as discontinued operations in the consolidated financial statements. Accordingly, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 May 2023 has been restated to present such businesses as discontinued operations.

Basis of preparation of consolidated financial statements

Contractual Arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the value-added telecommunications services carried out by the Group, the Group conducts a substantial portion of the business through Beijing New Oriental Xuncheng Network Technology Inc. ("**Beijing Xuncheng**") and Beijing Kuxue Huisi Network Technology Co., Ltd. ("**Kuxue Huisi**") (the "**Consolidated Affiliated Entities**") in the PRC. On 10 May 2018, the wholly-owned subsidiary of the Company, Beijing Dexin Dongfang Network Technology Co., Inc. ("**Dexin Dongfang**") has entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders, which enable Dexin Dongfang and the Company to:

- expose, or has rights, to variable returns from its involvement with the Consolidated Affiliated Entities and has ability to affect those returns through its power over the Consolidated Affiliated Entities;
- exercise equity holders' controlling voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Dexin Dongfang;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under the PRC laws. Dexin Dongfang may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Dexin Dongfang; and
- obtain a pledge over the entire equity interest of the Beijing Xuncheng from their equity holders as collateral security for all of Beijing Xuncheng's payments due to Dexin Dongfang and to secure performance of Beijing Xuncheng's and obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries for accounting purpose. The Company consolidated the assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities upon the completion of the reorganisation on 10 May 2018. On 1 March 2024, Kuxue Huisi was disposed of to New Oriental Group as part of the Disposal.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 June 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volume 11[4]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[4]
IFRS 18	Presentation and Disclosure in Financial Statements[5]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after 1 January 2025
4. Effective for annual periods beginning on or after 1 January 2026
5. Effective for annual periods beginning on or after 1 January 2027

The directors of the Company (the "**Directors**") anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services provided.

Operating segments regarding the online education service targeted to college and above students and adults ("**College Education**") and online education service targeted to institutional customers ("**Institutional Customers**") were discontinued during the year ended 31 May 2024, information of which hence were not reported here. Irrespective of the discontinued business, the Group mainly operates online live commerce with private label products sold to individual customers and provision of commission services for the two years ended 31 May 2024, the CODM assesses the operating performance and allocates resources of continuing operations of the Group as a whole, as all of the Group's continuing activities are considered to be online live commerce business. Accordingly, the Directors consider there is only one operating segment under the requirements of IFRS 8.

The Company is domiciled in the PRC and all of the Group's revenues from continuing operations were generated from external customers in the PRC. The Group's non-current assets are all located in the PRC. Therefore, no geographical information is presented.

No service or product provided to a single customer exceeds 10% or more of the total revenue of the Group from continuing operations for the year ended 31 May 2024 (2023: Nil).

4. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 May	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Government grants (i)	**53,991**	26,388
Interest income from term deposits	**41,277**	20,119
Interest income from bank balances	**34,565**	11,703
Interest income from rental deposits	**516**	346
Net foreign exchange gain	**9,896**	77,894
Loss on fair value changes of financial assets at FVTPL	**(4,419)**	(97)
Impairment loss on interests in associates	**–**	(26,941)
Others	**2,251**	4,005
	138,077	113,417

Note:

(i) Government grants amounted to RMB53,991,000(2023: RMB26,388,000) have been recognised for the subsidies relating to its local municipal business development. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the year in which they were recognised.

5. INCOME TAX EXPENSE

	Year ended 31 May	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Current tax:		
PRC enterprise income tax	**213,358**	286,131
Deferred tax	**(28,778)**	(28,861)
	184,580	257,270

6. PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging the following items:

	Year ended 31 May	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Staff cost, including directors' and chief executive's remuneration		
– Salaries, allowances and benefits in kind	**761,607**	355,915
– Retirement benefit scheme contributions	**42,558**	19,660
– Equity-settled share-based payments	**416,955**	102,529
Total staff cost	**1,221,120**	478,104
Depreciation of property and equipment	**20,328**	16,699
Depreciation of right-of-use assets	**33,957**	16,285
Expense of short-term leases	**4,186**	1,158
Auditor's remuneration (i)	**5,180**	4,250

Note:

(i) During the year ended 31 May 2024, auditor's remuneration includes RMB3,980,000 (2023: RMB3,250,000) in relation to annual audit and RMB1,200,000 (2023: RMB1,000,000) in relation to interim review.

7. EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted earnings per share from continuing operation attributable to owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Earnings:		
Earnings for the year attributable to owners of the Company	**1,719,503**	971,286
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	**1,470,363**	172,087
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	**249,140**	799,199

Number of shares:	**2024**	2023
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**1,017,636,860**	1,006,230,531
Effect of dilutive potential ordinary shares:		
Share options and share awards	**49,687,221**	58,271,111
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,067,324,081**	1,064,501,642

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Earnings:		
Earnings for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**1,719,503**	971,286

The denominators used to calculate earnings per share of continuing and discontinued operations are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations is RMB1.44 cents per share (2023: RMB0.17 cents per share) and diluted earnings per share for the discontinued operations is RMB1.38 cents per share (2023: RMB0.16 cents per share), based on the profit for the year from the discontinued operations of approximately RMB1,470 million (2023: RMB172 million) and the denominators detailed above for both basic and diluted earnings per share.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	*RMB'000*
Non-current assets		
Financial assets at FVTPL		
– Unlisted equity investments (i)(ii)	**94,889**	102,576
Current assets		
Financial assets at FVTPL		
– Wealth management products (iii)	**1,250,338**	1,037,402

Notes:

(i) The unlisted equity investments as at 31 May 2023 and 31 May 2024 are the Group's investments in ordinary shares with preferential rights of East Buy (Henan) Food Technology Co., Ltd. ("**East Buy Henan**") and preferred shares of EEO Education Technology Co., Ltd. ("**EEO**") incorporated in the PRC and the Cayman Islands respectively.

(ii) On 18 January 2023, Dong Fang You Xuan (Beijing) Technology Co., Ltd., one of the Company's subsidiaries, invested 30% ordinary shares with preferential rights in East Buy Henan, a grilled sausages producer, for a total cash consideration of RMB17,527,000. With the preferential rights, the Group has the right to require and demand the investee to redeem all of the shares held by the Group at a guaranteed predetermined fixed amount upon certain redemption events which are out of control of the investee. Hence, the investment is accounted for under IFRS 9 and measured at financial assets at FVTPL.

(iii) Wealth management products are purchased from various banks with expected rate of return ranging from 2.70% to 3.99% (2023: 2.17% to 3.00%) per annum, and maturity period ranging from 1 day to 365 days (2023: 1 day to 60 days). The principals and returns of these wealth management products are not guaranteed.

During the year ended 31 May 2024, the Group did not make any sales to EEO and East Buy Henan (2023: Nil).

During the year ended 31 May 2024, the Group did not make any purchases from EEO (2023: Nil) and made purchases from East Buy Henan amounting to RMB180,354,000 (2023: Nil).

9. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Products	**370,530**	114,688
Products in transit	**51,811**	26,264
	422,341	140,952

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**37,723**	48,381
Less: allowance for credit losses	**(6,030)**	(10,454)
	31,693	37,927
Other receivables:		
Amounts due from related parties	**544,508**	2,554
Receivables from third-party payment platforms	**260,659**	129,086
Receivables from founder of Edutainment World	**33,400**	–
Deductible input on VAT	**6,391**	6,448
Advances to employees	**2,747**	2,118
Rental deposits (i)	**1,207**	7,738
Receivables from government subsidy	**–**	26,152
Others	**12,977**	6,949
	861,889	181,045
Trade and other receivables	**893,582**	218,972

Note:

(i) The rental deposits represent refundable rental deposits that are due within one year.

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date:

	2024	2023
	RMB'000	*RMB'000*
1-90 days	**6,435**	2,530
91-180 days	**719**	953
181 days -1 year	**159**	33,995
1-2 years	**24,380**	449
	31,693	37,927

11. CONTRACT LIABILITIES

	2024	2023
	RMB'000	*RMB'000*
Contract liabilities in relation to:		
Membership fees	**19,513**	–
Membership points	**14,658**	58,741
Customers for livestreaming e-commerce service	**8,391**	–
Customers for advertising service	**4,836**	–
Students for online education service	**–**	168,903
Institutional customers for online education service	**–**	25,423
Others	**2,197**	455
	49,595	253,522

12. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	2024	2023
	RMB'000	*RMB'000*
1-90 days	**451,753**	237,918
91-180 days	**144,900**	88,553
181 days-1 year	**14,478**	4,786
1 year-2 years	**755**	2,374
>2 years	**–**	1,632
	611,886	335,263

Included in trade payables, RMB19,672,000 as at 31 May 2024 (2023: RMB9,140,000) were amounts due to related parties, among which RMB10,894,000 (2023: RMB2,685,000) were aged 1-90 days, RMB2,714,000 (2023: RMB2,346,000) were aged 91-180 days, RMB5,399,000 (2023: RMB3,759,000) were aged 181 days-1 year, RMB665,000 (2023: RMB250,000) were aged 1 year-2 years, RMB nil (2023: RMB100,000) were aged over 2 years based on the invoice date.

DEFINITIONS

Unless otherwise stated or set out below, capitalised terms have the same meaning as defined below.

"**2020 Subscription**"	the subscription of an aggregate of 59,432,000 Shares by the Subscribers for a subscription price of HK$30.00 per subscription share, which was completed on 24 December 2020, the further details of which are contained in the Company's circular dated 14 October 2020
"**AGM**"	annual general meeting of our Company
"**APP**"	software that causes a computer, smartphone, or electronic mobile device to perform tasks, specifically in our Company's context, it refers to a private label products and livestreaming e-commerce application
"**Audit Committee**"	the audit committee of the Board
"**Auditor**"	Deloitte Touche Tohmatsu
"**Board**"	the board of Directors
"**China**" or "**the PRC**"	the People's Republic of China
"**Company**", "**we**", "**us**", "**our**" or "**East Buy**"	East Buy Holding Limited 東方甄選控股有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 7 February 2018
"**Corporate Governance Code**"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended from time to time
"**Director(s)**"	the director(s) of our Company
"**FVTPL**"	fair value through profit or loss
"**FY2023**"	the financial year ended 31 May 2023
"**FY 2025**"	the financial year ending 31 May 2025
"**GMV**"	Gross merchandise volume
"**Group**"	the Company and its subsidiaries from time to time or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**HK$**"	Hong Kong dollars, lawful currency of Hong Kong

“**Hong Kong**”	The Hong Kong Special Administrative Region of the PRC
“**IFRS(s)**”	the International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“**Listing Rules**”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“**Model Code**”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“**New Oriental**”	New Oriental Education & Technology Group Inc., a company incorporated under the Laws of the Cayman Islands on 16 March 2006, the American depository shares of which are listed on the New York Stock Exchange under the symbol “EDU”
“**Prospectus**”	the prospectus of the Company in relation to the listing of the Shares on the Main Board of the Stock Exchange dated 15 March 2019
“**Reporting Period**” or “**FY2024**”	the financial year ended 31 May 2024
“**RMB**”or “**Renminbi**”	Renminbi, the lawful currency of China
“**Share(s)**”	ordinary share(s) in the share capital of the Company, currently with a par value of US$0.00002 each
“**Shareholder(s)**”	holder(s) of our Share(s)
“**SKU**”	stock-keeping units
“**Stock Exchange**”	the Stock Exchange of Hong Kong Limited
“**Subscribers**”	New Oriental Group and Tigerstep
“**Tigerstep**”	Tigerstep Developments Limited, a company incorporated under the Laws of the British Virgin Islands, and a connected person of the Company

"**United States**" or "**U.S.**"	United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**US$**"	United States dollars, the lawful currency of the United States
"**%**"	percent

By order of the Board of
East Buy Holding Limited
YU Minhong
Chairman of our Board

Hong Kong, 23 August 2024

As at the date of this announcement, our Board comprises Mr. YU Minhong and Mr. YIN Qiang, as executive Directors; Ms. SUN Chang, as non-executive Director; and Mr. LIN Zheying, Mr. TONG Sui Bau and Mr. KWONG Wai Sun Wilson, as independent non-executive Directors.